

Michael A. Tucker  
Chas E. Harvick  
FTI CONSULTING, INC.  
Two North Central Avenue, Suite 1200  
Phoenix, AZ 85004  
Telephone: (602) 744.7100  
Facsimile: (602) 744.7110  
Email: [michael.tucker@fticonsulting.com](mailto:michael.tucker@fticonsulting.com),  
[chas.harvick@fticonsulting.com](mailto:chas.harvick@fticonsulting.com)

Electronically Filed April 26, 2007

Financial Advisors for the Official USA Diversified Committee  
of Equity Security Holders of USA Capital Diversified Trust  
Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:  
USA COMMERCIAL MORTGAGE COMPANY,  
Debtor.

Case No. BK-S-06-10725 LBR  
Case No. BK-S-06-10726 LBR  
Case No. BK-S-06-10727 LBR  
Case No. BK-S-06-10728 LBR  
Case No. BK-S-06-10729 LBR

In re:  
**USA CAPITAL REALTY ADVISORS, LLC,**  
Debtor.

Chapter 11

In re:  
**USA CAPITAL DIVERSIFIED TRUST DEED  
FUND, LLC,**

**Jointly Administered Under  
Case No. BK-S-06-10725-LBR**

In re:  
**USA CAPITAL FIRST TRUST DEED FUND, LLC,**  
Debtor.

**FIRST AND FINAL FEE  
APPLICATION OF FTI  
CONSULTING, INC. AS  
FINANCIAL ADVISORS TO THE  
OFFICIAL COMMITTEE OF  
EQUITY SECURITY HOLDERS  
OF USA CAPITAL DIVERSIFIED  
TRUST DEED FUND, LLC  
(JUNE 9, 2006 – MARCH 12, 2007)**

In re:  
USA SECURITIES, LLC,  
Debtor.

Hearing Date: June 22, 2007  
Hearing Time: 9:30 a.m.  
Hearing Place: Courtroom #1

### Affects:

- All Debtors
  - USA Commercial Mortgage Company
  - USA Securities, LLC
  - USA Capital Realty Advisors, LLC
  - USA Capital Diversified Trust Deed Fund, LLC
  - USA First Trust Deed Fund, LLC

1      **APPLICATION PERIOD:**                    June 9, 2006 – March 12, 2007  
 2      **INTERIM APPLICATION NUMBER:**        First and Final

3  
 4      **TOTAL FEES REQUESTED:**                \$      1,613,380.50  
 5      **TOTAL EXPENSES REQUESTED:**            \$      30,951.02  
 6      **TOTAL APPLICATION REQUESTED:**        \$      1,644,331.52

7    **I.**

8    **INTRODUCTION**

9      1.      FTI Consulting, Inc. (“FTI”), as financial advisors to The Official Committee of  
 10     Equity Security Holders of USA Capital Diversified Trust Deed Fund, LLC (the “USA  
 11     Diversified Committee”), hereby makes its First and Final Application for Allowance of  
 12     Compensation and Reimbursement of Expenses (the “Application”) for the period from June 9,  
 13     2006 through March 12, 2007 (the “Application Period”).

14     2.      During the Application Period, FTI spent **4,033.0** hours in its assistance to the  
 15     USA Diversified Committee. Based upon FTI’s hourly rates in effect at the time said services  
 16     were rendered, FTI’s total fees for this Application Period are **\$1,613,380.50**. The total blended  
 17     hourly rate for FTI’s professionals is **\$400.04**. During the Application Period, FTI incurred  
 18     **\$30,951.02** of out-of-pocket expenses. Two payments have been made on Interim Monthly  
 19     Statements, as detailed below, that total \$937,606.15. Additional compensation and expense  
 20     reimbursement requested by FTI for the Application Period totals **\$706,725.37**.

21    **II.**

22    **BACKGROUND**

23     3.      On April 13, 2005 (the “Petition Date”), USA Capital Diversified Trust Deed  
 24     Fund, LLC (“USA Diversified”), USA Commercial Mortgage Company (“USA Mortgage”),  
 25     USA Securities, LLC (“USA Securities”), USA Capital Realty Advisors, LLC (“USA Realty”)  
 26     and USA Capital First Trust Deed Fund, LLC (“USA First” and, collectively with USA  
 27     Mortgage, USA Securities, USA Realty and USA Diversified, the “Debtors”) filed voluntary  
 28     petitions for relief under chapter 11 of title 11 of the United States Code (“Bankruptcy Code”).

1           4. On June 9, 2006, the USA Diversified Committee met telephonically and decided  
2 to engage FTI as their Financial Advisor.

3           5. On June 14, 2006, the USA Diversified Committee filed both its application to  
4 employ FTI Consulting and a supporting declaration of Michael A. Tucker. On June 22, 2006,  
5 this Court entered an order approving the USA Diversified Committee's employment of FTI as its  
6 financial advisor, *nunc pro tunc* as of June 9, 2006. (Docket No. 776).

7           6. At the August 4, 2006 omnibus hearing, the Court granted the Interim Fee  
8 Procedures Motion. On August 29, 2006, the Court entered the Administrative Order  
9 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of  
10 Professionals (Affects All Debtors) ("Interim Fee Procedures Order"), Docket No. 1199.

11          7. This is FTI's First and Final Application for compensation which covers the period  
12 from June 9, 2006 through March 12, 2007. FTI has made no application to the Court for  
13 payment of fees and expenses prior to the filing of this application.

14          8. On November 28, 2006, FTI submitted an interim monthly invoice to Debtors,  
15 Committee Professionals and the Office of the US Trustee for the period from June 9, 2006  
16 through June 30, 2006, for professional fees in the amount of \$94,033.50 and costs in the amount  
17 of \$2,737.40. On January 26, 2007, FTI received payment of 100% of the fees and the costs for a  
18 total in the amount of \$96,770.90.

19          9. On November 28, 2006, FTI submitted an interim monthly invoice to Debtors,  
20 Committee Professionals and the Office of the US Trustee for the period from July 1, 2006  
21 through July 31, 2006, for professional fees in the amount of \$195,194.00 and costs in the amount  
22 of \$3,089.21. On January 26, 2007, FTI received payment of 100% of the fees and the costs for a  
23 total in the amount of \$198,283.21.

24          10. On November 28, 2006, FTI submitted an interim monthly invoice to Debtors,  
25 Committee Professionals and the Office of the US Trustee for the period from August 1, 2006  
26 through August 31, 2006, for professional fees in the amount of \$205,779.50 and costs in the  
27 amount of \$3,902.22. On January 26, 2007, FTI received payment of 80% of the fees in the  
28 amount of \$164,623.60 and 100% of the costs in the amount of \$3,902.22.

1       11. On November 28, 2006, FTI submitted an interim monthly invoice to Debtors,  
2 Committee Professionals and the Office of the US Trustee for the period from September 1, 2006  
3 through September 30, 2006, for professional fees in the amount of \$178,124.25 and costs in the  
4 amount of \$1,736.05. On January 26, 2007, FTI received payment of 80% of the fees in the  
5 amount of \$142,499.40 and 100% of the costs in the amount of \$1,736.05.

6       12. On November 28, 2006, FTI submitted an interim monthly invoice to Debtors,  
7 Committee Professionals and the Office of the US Trustee for the period from October 1, 2006  
8 through October 31, 2006, for professional fees in the amount of \$132,851.25 and costs in the  
9 amount of \$1,370.24. On January 26, 2007, FTI received payment of 80% of the fees in the  
10 amount of \$106,281.00 and 100% of the costs in the amount of \$1,370.24.

11      13. On December 26, 2006, FTI submitted an interim monthly invoice to  
12 Debtors, Committee Professionals and the Office of the US Trustee for the period from  
13 November 1, 2006 through November 30, 2006, for professional fees in the amount of  
14 \$140,009.00 and costs in the amount of \$1,490.45. On January 26, 2007, FTI received payment  
15 of 80% of the fees in the amount of \$112,017.88 and 100% of the costs in the amount of  
16 \$1,490.45.

17      14. On January 25, 2007, FTI submitted an interim monthly invoice to Debtors,  
18 Committee Professionals and the Office of the US Trustee for the period from December 1, 2006  
19 through December 31, 2006, for professional fees in the amount of \$135,789.00 and costs in the  
20 amount of \$2,030.55. On February 28, 2007, FTI received payment of 80% of the fees in the  
21 amount of \$108,631.20 and 100% of the costs in the amount of \$2,030.55.

22      15. On February 26, 2007, FTI submitted an interim monthly invoice to Debtors,  
23 Committee Professionals and the Office of the US Trustee for the period from January 1, 2007  
24 through January 31, 2007, for professional fees in the amount of \$187,239.50 and costs in the  
25 amount of \$4,104.75. To date, FTI has received no payment related to this invoice.

26      16. On March 26, 2007, FTI submitted an interim monthly invoice to Debtors,  
27 Committee Professionals and the Office of the US Trustee for the period from February 1, 2007  
28 through February 28, 2007, for professional fees in the amount of \$256,191.50 and costs in the

1 amount of \$9,505.34. To date, FTI has received no payment related to this invoice.

2       17. On April 24, 2007, FTI submitted an interim monthly invoice to Debtors,  
3 Committee Professionals and the Office of the US Trustee for the period from March 1, 2007  
4 through March 12, 2007, (Post Effective Date) for professional fees in the amount of \$88,169.00  
5 and costs in the amount of \$974.13. To date, FTI has received no payment related to this invoice.

6       18. No objections have been received by FTI on any of its monthly statements  
7 submitted pursuant to the Interim Fee Procedures Order.

8       19. FTI hereby submits its First and Final Fee Application in the Chapter 11 case for  
9 the period June 9, 2006 through November 30, 2006. Total fees and expenses for this period  
10 were \$1,644,331.52. FTI has received two payments totaling \$937,606.15 leaving a balance due  
11 of **\$706,725.37**. Summaries of the fees incurred through March 12, 2007 are included as  
12 Attachment 1, Exhibits “A”, “B” and “C”.

13       20. A copy of the monthly interim invoices for this period with support documentation  
14 is included as Attachments 2 through 11.

15       21. This Fee Application seeks Court approval and allowance, pursuant to Section 331  
16 of the Bankruptcy Code, of the compensation requested in the period covered by this Fee  
17 Application.

18       22. The names of FTI’s professionals requesting fees and the hourly rate charged by  
19 each are listed in Attachment 1, Exhibit “A”.

20       23. The Court confirmed the Debtors’ Third Amended Joint Chapter 11 Plan  
21 Reorganization (“Plan”) in an order filed on January 8, 2007 (“Confirmation Order”) Docket No.  
22 2376, and the Effective Date of the Plan occurred on March 12, 2007. FTI has continued to  
23 represent USA Diversified after the Effective Date and Michael Tucker was selected by the USA  
24 Diversified Committee to be its Administrator.

25       24. Pursuant to the Plan, the USA Diversified Committee disbanded on the Effective  
26 Date. However, since March 13, 2007, Robert Worthen, the Chair of the USA Diversified  
27 Committee, has served as the Chairman of the Board of Revested DTDF. Mr. Worthen has  
28 reviewed FTI’s billing statements, has found FTI’s fees and costs to be reasonable and necessary,

and has approved FTI's fees and costs for payment by USA Diversified, subject to Court approval of this Application.

3       25. Except as FTI may be entitled to receive compensation herein, FTI has no  
4 arrangements with any other parties for compensation for the services rendered to the USA  
5 Diversified Committee. The employees of FTI are disinterested persons defined in 11 U.S.C. §  
6 101(14) and do not hold or represent any interest adverse to the estate.

III.

## **SUMMARY OF PROFESSIONAL SERVICES PERFORMED BY FTI BY PROJECT CODES**

10 A. Pursuant to the U.S. Trustee Guidelines, FTI has established project billing  
11 categories for this case. The following summaries of professional services performed by FTI  
12 during the Application Period are set forth by project billing category.

The summaries that follow easily could have two or three times longer. But FTI is aware that the Court, the UST, other professionals as well as USA Diversified investors and perhaps other investors may be reviewing up to 12 final fee applications. The summaries attempt to highlight the key tasks undertaken and the results thereof. What they may not convey to the reader is the incredibly difficult roles played by the estate professionals generally and the professionals employed by USA Diversified – including FTI, Orrick and Beckley Singleton – in particular.

20 Before launching into the summaries, FTI feels compelled to state what may be the  
21 obvious: The Chapter 11 Cases have been challenging and frustrating, a pressure cooker under  
22 which the heat has stayed on high from day one due to the universal concern for the victims of the  
23 USA Commercial debacle and fraud. Each of the key professionals receives no fewer than 50 and  
24 often more than 100 emails every week day, and receives numerous emails over the weekend. An  
25 email sent to seven estate professionals at 7:00 p.m. on a week night will prompt three to six  
26 responses prior to 9:00 a.m. the next morning. And this went on throughout the case, with no  
27 respite, including holidays – witness the HMA adversary proceeding that was e-filed on  
28 Christmas Day.

1           And as difficult and trying as the cases have been, they have been even more so for the  
 2 USA Diversified Committee and its professionals. As described in detail in the USA Diversified  
 3 Committee's limited opposition to the distribution motion (Docket No. 987) and in the lengthy  
 4 supporting declaration of Michael Tucker (Docket No. 994), virtually every promise made to  
 5 potential USA Diversified investors in the prospectus was violated: (i) loans were not secured by  
 6 conservative loan-to-value real estate secured loans; virtually all of the loans in the \$150 million  
 7 USA Diversified portfolio were unsecured; (ii) loans were made to insiders despite promises of  
 8 loans only to arms length third parties; the \$55 million unsecured 10-90, Inc. loan was made to  
 9 Investment Partners and used for real estate investment, among other things, (the balance  
 10 approximates \$90 million today), and approximately \$14 million of undocumented, unsecured  
 11 loans were made to Colt Gateway, in which Joe Milanowski has a 50% ownership interest; (iii)  
 12 loans were concentrated in violation of a promise of no concentration in any borrower; to make  
 13 matters worse, the concentrated loans were made to insiders.

14           The asset pool owned by Revested DTDF is replete with problems, so much so that no  
 15 potential plan funder or buyer offered more than nominal value. No significant loans were  
 16 collected during the course of the Chapter 11 Cases. Revested DTDF faces numerous collection  
 17 problems and litigation with virtually each of its assets, which translates to no payout to USA  
 18 Diversified investors in the near future.

19           In short, this case has been a challenge from the outset and will remain a challenge in the  
 20 months and perhaps years ahead. It is under these conditions that FTI and the other USA  
 21 Diversified Committee professionals seek compensation.

22           1. Meetings and Communications Involving the Diversified Committee. FTI  
 23 participated in USA Diversified Committee meetings in-person and via telephone to keep the  
 24 USA Diversified Committee apprised of all of the fast-moving events in these Chapter 11 Cases  
 25 and to advise the USA Diversified Committee in connection with strategic decisions to be made  
 26 by the USA Diversified Committee. FTI also addressed individual member's specific questions  
 27 and/or requests. FTI provided information through reports, email correspondence and web  
 28 postings to its members and counsel based on the analyses described herein. FTI has provided

1 benefit to the USA Diversified Committee and fund members by keeping members informed of  
2 current issues and developments in the case. The foregoing services were necessary and  
3 conferred a benefit upon the estate for the reason that these discussions allowed appropriate  
4 information to be disseminated to and from the USA Diversified Committee. Keeping the USA  
5 Diversified Committee apprised of current issues and developments allowed them to make critical  
6 decision in the Chapter 11 Cases.

7 The persons providing services on these matters and the associated fees are summarized in  
8 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
9 Attachments 2 through 11.

10       2. Collection Account Distributions and Related Disputes. This category included,  
11 but was not limited to, efforts related to the Debtors' motion to distribute \$65 million to direct  
12 lenders including reviewing, analyzing and strategizing regarding possible responses for the USA  
13 Diversified Committee's opposition to the distribution motion (including substantive  
14 consolidation, recharacterization of debt, netting of interim distributions, among other theories),  
15 drafting Michael Tucker's Declaration in support of the USA Diversified Committee's limited  
16 opposition to the distribution motion, reviewing and analyzing the Debtors' supplement to their  
17 distribution motion and the objections to the distribution motion filed by other interested parties  
18 in these Chapter 11 Cases.

19       To understand the ramifications of the proposed motion to distribute funds and to evaluate  
20 the various strategic alternatives, FTI met with the Debtors' to understand the past operations,  
21 cash flow and accounting of the Debtors' businesses, reviewed USA Diversified's operating  
22 agreement, servicing agreement, prospectus, corporate records, and transaction/loan  
23 documentation and investigated various transactions including but not limited to: USA  
24 Diversified's diverted principal of approximately \$18.9 million , amount of prepaid interest and  
25 principal or approximately \$5 million and various USA Diversified loans to USA Investment  
26 Partners and related entities.

27       FTI also devoted a significant amount of time in analyzing the various financial impacts  
28 based on different distribution scenarios, verification of the calculations and results of the

1 holdfunds report provided by the Debtor and the research, analysis and tracing of the  
 2 approximately \$10 million held in the Collection Trust Account by USA Mortgage at the petition  
 3 date that was not disclosed but included in the proposed distributions.

4 Prior to interim distributions by USA Mortgage, FTI reviewed and analyzed the Interim  
 5 Distribution/Holdfunds reports, including testing of data, setoff calculations and distribution  
 6 amounts, meeting with Debtors to discuss observations/findings and reporting to Diversified  
 7 Trust Deed Fund Committee.

8 Given the fact that the Debtors' distribution motion did not provide for any payment to the  
 9 USA Diversified Committee, FTI believes that the substantial time and effort it expended with  
 10 respect to the distribution motion was of critical importance. While the Court ultimately did not  
 11 adopt the USA Diversified Committee's position regarding the amount of funds that should be  
 12 held back from the proposed distribution given the uncertainties in the case, the USA Diversified  
 13 Committee's opposition to the distribution motion (including Michael Tucker's Declaration)  
 14 provided the Court with extensive information about the looting of USA Diversified and  
 15 misrepresentations to USA Diversified investors at the hands of USA Capital's former principals.  
 16 The opposition to the distribution motion further provided the Court with the USA Diversified  
 17 Committee's arguments why USA Diversified, as a victim of the former principals' Ponzi-like  
 18 scheme, should not be left out in the cold while other direct lenders, who by chance were lucky  
 19 enough not to have been looted themselves, obtain substantial recoveries of principal and interest.

20 The USA Diversified Committee's opposition to the distribution motion thus put front and  
 21 center some of the key issues facing USA Diversified in these Chapter 11 Cases and provide the  
 22 basis for Plan negotiations between USA Diversified and the Debtors. Furthermore, as a result  
 23 FTI's identification of the approximately \$10 million balance in the Collection Trust Account at  
 24 the Petition Date, analysis of these commingled funds also held in the Collection Trust Account  
 25 resulted in approximately \$2 million being deemed property of USA Mortgage. But for FTI's  
 26 analysis, the commingled funds would have been distributed out of the USA Mortgage estate.  
 27 Accordingly, FTI submits that the substantial time it spent on matters in this category during the  
 28 Application Period were reasonable and necessary and conferred a benefit to the estate.

1           The persons providing services on these matters and the associated fees are summarized in  
 2 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 3 Attachments 2 through 11.

4           3.     Asset Analysis and Recovery. This category included, but was not limited to,  
 5 investigating and learning about USA Diversified's assets and take action to collect/monetize  
 6 USA Diversified's assets. The time has been substantial, in no small part because of the sad and  
 7 disorganized state of the Debtors' books and records and the lack of cooperation, if not  
 8 obstructionism, from the recipients of USA Diversified's funds. As has been described in many  
 9 other pleadings filed in these cases, each of the major loans/investments from USA Diversified is  
 10 a complicated and unnerving tale of use and abuse by the former managers of USA Diversified.  
 11 Each of such loans and investments, summarized below, is already or may become the subject of  
 12 one or more law suits. The services rendered during the Application Period in this category break  
 13 down into several subgroups, described as follows:

14           •     Loan Analysis: Extensive review and analysis of documentation  
 15 for loans in which the USA Diversified is a direct lender, including multiple on-  
 16 site visits to Debtors' offices in Las Vegas, conference calls and meetings  
 17 regarding same; verification of outstanding loan balances provided by the Debtor  
 18 including comparison to USA Diversified financial statements; preparation of  
 loan history reports and reconciliation to Debtor schedules noting discrepancies,  
 reviewing documentation prepared by Debtor and resolving discrepancies.

19           ▪     Asset And Recovery Analysis: Extensive analysis of collateral  
 20 securing USA Diversified loans and review and analysis of collection options and  
 21 strategies for enforcement of USA Diversified loans; prepare list of 2004 exam  
 22 candidates and general information about the candidates; discuss strategy with  
 23 counsel regarding timing of 2004 exams; review and analysis of USA Diversified  
 24 and Debtors schedules of assets and liabilities and statement of financial affairs;  
 investigate USA Diversified borrower monies held at Project Disbursement  
 Group; review USA Diversified prospectus and analysis regarding potential  
 causes of action and recovery options; prepare summary list of status of USA  
 Diversified loans, outstanding balances, collateral, guarantors, etc. and various  
 recovery scenario analysis for the USA Diversified Committee.

25           ▪     Review of USA Diversified Audits and Analysis of USA  
 26 Diversified Financial Statements: Extensive analysis of the bookkeeping and  
 27 financial reporting of USA Diversified by the Debtor, including meeting with  
 28 Debtor's Controller regarding same, reviewing final and draft audits and  
 workpapers and understanding various transactions to aid in plan and settlement

1 negotiations with Debtors and other parties and identify additional recovery  
 2 sources. USA Diversified now has the audit firm's audit and tax files for the 2004  
 3 exam of Beadle McBride to assess courses of action against it and review  
 additional USA Diversified historical activity for other recoveries.

4       ■ Appraisal Review and Communication with Debtor, Borrowers  
 5 and Investors: Review and analyze the appraisals of collateral securing the USA  
 6 Diversified loans, review borrower and investor statements and communicating  
 collection issues and collection strategy.

7       ■ Debtors' Proposed Forbearance Transactions: Analysis of various  
 8 transactions proposed by Debtors involving loans and collateral in which USA  
 9 Diversified has an interest, meetings, telephone conferences and  
 10 reviewing/commenting on responses to motions (i.e. Franklin Stratford,  
 Amesbury Hatterspoint, HFA, Boise/Gowan). Some of this work has allowed  
 11 borrowers such as Franklin Stratford to repay its loans where USA Diversified  
 had a \$1 million investment.

12       ■ EPIC (Tree Moss) And Sheraton (Investors VI) Loan Recovery  
 13 Analysis: Review and analysis of the EPIC and Sheraton loan files, court filings  
 14 and analysis prepared by the Debtor; prepare loan history reports and supporting  
 15 documentation for recovery efforts; review proposed escrow assignment, security  
 16 documents and marketing agreement and participate in settlement and negotiation  
 17 meetings with Debtor and Joe Milanowski; analysis of USA Diversified's  
 18 involvement/activity regarding EPIC and Sheraton loans and Tree Moss and  
 19 Investors VI; search, compile and analysis of documents (agreements, title  
 reports, financials, loan documents, etc.) to facilitate involuntary filings of USA  
 Investors VI and Tree Moss Partners discussed below; review various pleadings  
 filed by USA Investors VI and Tree Moss; meet with USA Investors VI and Tree  
 Moss Partners' Interim Trustee (James Lisowski) to share USA Diversified's  
 knowledge of the entities and their assets and determine how we can work  
 together.

20       ■ USA Investors VI: FTI and the other USA Diversified  
 21 professionals devoted a great deal of time (specifically mentioned above) to  
 22 uncovering the transactions that led them to conclude that USA Diversified had a  
 23 claim against USA Investors VI. That involved delving into a number of  
 24 transactions related to the USA Investors VI, to a USA Diversified loan related to  
 25 the former Sheraton Hotel at the Salt Lake City airport, to the foreclosure of the  
 26 property securing that loan and to the deficiency judgment against the makers of  
 27 the note. FTI also familiarized themselves with the assets of USA Investors VI  
 28 which is solely the Hotel Zoso and the efforts by USA Investors VI and Joe  
 Milanowski to sell the same – after placing a lien thereon in favor of the Salvatore  
 Reale Trust to collateralize a loan made to Joe Milanowski and Tom Hantges.  
 After much effort, FTI, Orrick and Beckley convinced USA Diversified's post  
 bankruptcy management and its counsel to initiate an involuntary chapter 7 case  
 against USA Investors VI, which occurred on December 15, 2006, and to seek the

1 appointment of an interim trustee. The involuntary likely was not filed sooner  
 2 because USA Mortgage was the loan servicer of a direct lenders' loan (the unpaid  
 3 balance of which was approximately \$20 million in late 2006) and a bankruptcy  
 4 filing would mean the delay in the payment thereof and USA Mortgage was in  
 5 negotiations with Joe Milanowski to provide a portion of the excess sale proceeds  
 6 of Hotel Zoso to USA Mortgage/USA Diversified. Since the filing of the  
 7 involuntary case and the appointment of the interim trustee, FTI has been  
 8 monitoring the case, working toward the entry of an order for relief and  
 9 attempting to work with the interim trustee to sell the Hotel Zoso. USA Investors  
 10 VI has contested almost every move by USA Diversified and the interim trustee,  
 11 requiring the expenditure of a great deal of time by USA Diversified Committee  
 12 professionals. All of these efforts have preserved potential value for USA  
 13 Diversified by tying up a sale that may not have been at market with no proceeds  
 14 likely going to USA Diversified.  
 15

16       ■ Tree Moss Partners: Through research and analysis (specifically  
 17 mentioned above), USA Diversified Committee professional learned the  
 18 following: Tree Moss Partners, LLC is owned by USA Investment Partners,  
 19 which is in turn beneficially owned by Hantges and Milanowski. USA  
 20 Diversified had an outstanding loan in excess of \$20 million to EPIC. The  
 21 collateral for the EPIC loan consisted of 63 condominium units in the Marquis  
 22 Villas resorts in Palm Springs, California. USA Diversified foreclosed on those  
 23 condominium units in 2003 and took title to the same. Yet at the time of the  
 24 foreclosure Tree Moss took control of the property and in February of 2006,  
 25 Milanowski executed a quitclaim deed transferring the condominium units from  
 26 USA Diversified to Tree Moss for no consideration.

27       USA Diversified Committee professionals, as well as the Debtors'  
 28 professionals, had participated in protracted negotiations with Milanowski and his  
 1 counsel in late summer and fall of 2006 in connection with a proposed sale of the  
 2 63 condominium units by Tree Moss. The hope was that Milanowski would agree  
 3 to arrangements that ensured that essentially all of the net sale proceeds of the 63  
 4 condominium units would be paid over to the USA Diversified. However, when  
 5 those negotiations reached deadlock, the Debtors and the USA Diversified  
 6 Committee professionals determined that an involuntary bankruptcy petition,  
 7 coupled with an immediate motion for the appointment of an interim trustee, was  
 8 the most acceptable course of action. With the cooperation and assistance of FTI  
 9 and Orrick and the USA Diversified Committee, USA Diversified filed an  
 10 involuntary bankruptcy petition against Tree Moss on December 7, 2006, serving  
 11 as the sole petitioning creditor was the Diversified Fund debtor. A motion for the  
 12 appointment of an interim trustee and seeking to restrict Milanowski's operating  
 13 authority was filed that same day, and the court orally ruled that the UST should  
 14 appoint an interim trustee at a hearing held on December 15, 2006. On December  
 15 19th, the UST appointed James Lisowski as the interim trustee.  
 16

17       Tree Moss eventually consented to the entry of an order for relief, and  
 18 Lisowski attempted to administer the 63 condominium units. The USA  
 19 Diversified Committee disagreed with many of his actions and tactics, and was  
 20

compelled to object to a proposed sale procedure and sales agreement. The Trustee ultimately invited USA Diversified Committee professionals to participate in the screening of potential buyers, but as of the date hereof, no sale proposal acceptable to the USA Diversified Committee (and now Revested DTDF) has surfaced. In addition, the Tree Moss Trustee has been unable to fund or control the homeowners association, which may continue to be dominated by Milanowski. And he has not made peace with the owner of the remaining 38 condominium units that share the common areas of the complex. Some very recent developments may be positive ones, but to date, the USA Diversified Committee (and now Revested DTDF) has been compelled to expend a great deal of time and energy in an attempt to liquidate this asset. All of these efforts though have preserved potential value for USA Diversified who is the single largest creditor of the Tree Moss Estate and should receive a significant dividend from the sale of the 63 units.

- Colt Loan Recovery: Colt Loans. Through research and analysis, USA Diversified Committee professional learned the following: USA Diversified was involved in a loan to Colt Gateway, a limited liability company in Hartford, Connecticut, that is 50% owned by USA Investment Partners. The other 50% is owned by HFA which was a borrower of many other loans serviced by USA Commercial. As of the Effective Date, the total obligation to USA Diversified, exclusive of default interest, approximated \$17 million. The project is comprised of many phases, and is quite complex. The USA Diversified/Colt relationship is likewise quite complex, in that USA Diversified is one of three direct lenders that are the beneficiaries of a promissory note secured by a first trust deed on one portion of the Colt project. USA Diversified made three additional advances to Colt, which the USA Diversified Committee contends are likewise secured by the first deed of trust. But the three loans are “undocumented,” which means that Colt has claimed that they were not loans at all, but rather were infusions of equity. Colt has been uncooperative in sharing information with the USA Diversified Committee, however, the USA Diversified Committee professionals did receive and review Colt documents provided to the other direct lenders by Colt. Although an agreement was not reached with Colt prior to the plan confirmation date it was not due to a lack of time and effort expended by USA Commercial and USA Diversified negotiating with Colt. Following Confirmation, USA Diversified became the servicer of such loans, stepped up its involvement in the process, received information from Colt and continues to press Colt to reach a settlement agreement. Subsequent to Confirmation, though, the other two direct lenders sought relief from the automatic stay to change loan servicers, and then objected to and subsequently agreed to a settlement with Colt. But Colt did not perform, leading Revested DTDF to devote its efforts to collecting the various loans for the two direct lenders, and for itself. USA Diversified has also been working with the USA Commercial Trust, which is the payee of a note secured by a second deed of trust. These efforts move USA Diversified closer to collecting on controversial loans made to Colt.

1           ■ BySynergy Loan Recovery: Through research and analysis, USA  
 2 Diversified Committee professional learned the following: BySynergy is a 53  
 3 acre, 104 single family development in Sedona Arizona. The BySynergy  
 4 unsecured loan of \$4.4 million is owned 52% by USA Diversified, 35% by First  
 5 Trust Deed Fund (“FTDF”) and 13% by USA Commercial. As mentioned  
 6 through Plan negotiations USA Diversified received FTDF’s 35% of the loan.  
 7 The \$4.4 million note was the amount of outstanding fees and charges of the  
 8 original secured BySynergy loan of \$11.6 million that were not paid when the  
 9 loan was paid off in February 2006. The Debtors were unsuccessful in getting  
 10 information regarding the BySynergy project. As a result USA Diversified filed a  
 11 Rule 2004 examination and quickly received cooperation from BySynergy. In  
 12 February FTI met with the borrower in Sedona and received a partial production  
 13 of documents with a promise to receive additional documents in-turn we extended  
 14 the date of the 2004 examination. Although USA Diversified has made many  
 15 attempts to push the borrower to produce additional documents no additional  
 16 documents have been produced. USA Diversified is moving forward with the  
 17 2004 examination. These efforts and communications with this borrower will put  
 18 USA Diversified in a position to eventually collect on this loan.

19           ■ Coordination of Electronic and Hardcopy Documents: Throughout  
 20 the case FTI continually learned about additional sources/repositories of  
 21 documents related to the Debtors. FTI prepared data requests and pressed for the  
 22 production of documents. Once received, FTI coordinated the imaging of the  
 23 documents and shared the documents with the Debtors and Debtors’ Committee  
 24 professionals. Once images were received FTI electronically searched the images  
 25 to identify documents that helped our recovery efforts by providing information  
 26 regarding USA Diversified’s assets and related transactions.

27           FTI is aware that some of the time spent preparing data requests, coordinating imaging  
 28 and reviewing and organizing support documentation could properly be categorized under  
 additional codes as the documents were used for multiple purposes (i.e., litigation, Plan  
 negotiations, etc.).

Over all, the foregoing services were necessary and conferred a benefit upon the estate by aiding in the collections of USA Diversified and providing the USA Diversified Committee with accurate loan information upon which to base case decisions. The foregoing services provided the information necessary to comprehend the convoluted and complex relationships between the numerous entities resulting in the involuntary filings against Tree Moss and Investors VI to protect the respective sole assets of each so that disposition could not occur without appropriate compensation to USA Diversified.

1           The persons providing services on these matters and the associated fees are summarized in  
 2 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 3 Attachments 2 through 11.

4           4.       IP/10-90/Ashby Recovery. This category included, but was not limited to, the  
 5 services rendered during the Application Period that can be broken down into several subgroups,  
 6 described as follows:

7           •       Analysis and Factual and Legal Research Relating to the 10-90  
 8 Loan. The 10-90 Loan was fiction and a subterfuge employed by Hantges and  
 9 Milanowski as part of a scheme to fund their speculative real estate activities with  
 10 USA Diversified investor funds, rather than utilizing USA Diversified funds to  
 11 make non-insider loans secured by first trust deeds as promised in the Prospectus  
 12 distributed to investors and potential investors. For example, USA Diversified's  
 13 books and records reflect that \$4.6 million was transferred directly from USA  
 14 Diversified to HMA Sales, LLC ("HMA"), an entity wholly-owned by Investment  
 15 Partners. An additional approximately \$9 million flowed from USA Diversified to  
 16 HMA through various entities controlled or owned by Milanowski and Hantges,  
 17 after being "laundered" through various entities controlled or owned by  
 18 Milanowski, Hantges, or their accomplice David Fogg, in an apparent attempt to  
 19 impede any eventual audit of these funds. Eventually, 10-90, Inc. was removed  
 20 from the transaction as a borrower of USA Diversified and a lender to USA  
 21 Investment Partners and thereafter, USA Investment Partners became the direct  
 22 borrower to USA Diversified in the 10-90 Loan. Leveraging off of the work  
 23 performed by the Debtors, USA Diversified Committee professionals  
 24 reconstructed the 10-90 Loan and shored up the tracing of recipients of USA  
 25 Diversified Funds, a painful and time-consuming process due to the sorry state of  
 26 USA Diversified's books and records, the lack of access to Investment Partners'  
 27 books and records, and the lack of cooperation from Milanowski and Hantges.

28           ■       Investment Partners Security Agreement: Review and analysis of  
 1 the detailed transactions for the \$58 million note and Debtors' proposed security  
 2 agreement with Investment Partners, including extensive meetings with USA  
 3 Diversified professionals and others, reviewing/commenting on limited opposition  
 4 to motion to approve Investment Partners agreement.

1           ■       Investment Partners' Assets and Financial Statements: Review and  
 2 analysis of Investment Partners' financial statements and assets, including  
 3 meeting with Debtor and Joe Milanowski; investigating Investment Partners'  
 4 assets; identification of related entities, investigation of intercompany  
 5 transactions, identify IP related loans from USA Mortgage, prepare analysis of  
 6 loans guaranteed by Joe Milanowski and Tom Hantges, and review and comment  
 7 on the Protective Order of IP documents.

1           ■ 10-90 Loan Recovery Analysis (accounts for approximately 50%  
 2 of USA Diversified's portfolio): Review and analysis of the 10-90 loan,  
 3 including on-site document review in Las Vegas and a number of in-person  
 4 meetings in Southern California and Las Vegas with the Debtors, borrowers and  
 5 other interested parties regarding the 10-90 loan, communications and meetings  
 6 with the Debtors and others regarding developments in the collection of the 10-90  
 7 loan (discussed in more detail below); research of underlying assets of USA  
 Investment Partners ("IP") entities pledged as collateral for the 10-90 loan;  
 research the history of the 10-90 draws/disbursements to 10-90, IP and other  
 recipients of USA Diversified funds and the assignment of the 10-90 loan from  
 10-90 Inc. to IP.

8           ■ Ashby/Fiesta Development And Investment Partner Loans:  
 9 Review, analysis and multiple meetings with USA Diversified professionals and  
 10 borrowers (including Messrs. Ashby, Redman and Milanowski) regarding loans,  
 11 assets and related issues; prepare request list and coordinate the production of  
 12 documents from Ashby and Fiesta Development; review and respond to  
 13 amendment made to Ashby USA operating agreement; review documents  
 14 regarding the Ashby/Tanamera Roripaugh transaction and hold various  
 15 conference calls with Ashby to protect the dilution of IP's membership interest in  
 16 Ashby USA which is collateral for USA Diversified's 10-90 loan; review draft  
 17 agreements and negotiate the terms of a buyout of IP's membership interest in  
 18 Buffalo Land Developments, LLC, Random Developments, LLC, Capital Land  
 19 Developments, LLC, and Oak Mesa Investors, LLC. These assets may produce a  
 20 significant recovery based on the IP's membership interest pledge to USA  
 21 Diversified. As such, significant efforts related to Ashby were incurred.

22           ■ Tanamera Properties, LLC: IP's membership interest in Tanamera  
 23 Properties, LLC is one of the assets pledged as collateral to the \$58 million Note.  
 24 Review and analysis of Tanamera Property documents and draft agreement for the  
 25 partial buyout of IP's membership interest; prepare for meeting that occurred  
 26 shortly after Effective Date with Kreg Rowe to discuss buyout agreement and  
 27 learn about the assets of Tanamera Properties.

28           ■ The Royal Hotel and the HMA Adversary. After the  
 commencement of the USA Diversified and USA Commercial chapter 11 cases,  
 the two debtors negotiated with Milanowski and obtained a promissory note in the  
 amount of \$58.3 million to evidence certain obligations owing by USA  
 Investment Partners to USA Commercial and USA Diversified and for a security  
 agreement to secure it. One of the assets pledged was Investment Partners'  
 ownership interest in HMA, which owned the Royal Hotel in Las Vegas. Around  
 the same time that Investment Partners pledged its interest in HMA to USA  
 Diversified and USA Commercial, Milanowski on behalf of HMA granted a lien  
 on the Royal Hotel in favor of the Salvatore Reale ("Reale") to secure a \$12.3  
 million personal loan that Reale had previously made to Hantges and Milanowski.  
 In the fall of 2006, Great White Investment NV Inc. ("Great White") sued  
 Milanowski and Hantges in Nevada state court, alleging fraud. Great White  
 caused a lis pendens to be recorded against the Royal Hotel even though the

1 lawsuit had nothing to do with HMA. In meetings thereafter, Milanowski asked  
 2 that USA Diversified intervene in the law suit and seek the expungement of the lis  
 3 pendens, claiming it was groundless. All the meanwhile, the Debtors continued  
 4 negotiations (including review of draft settlement agreement, closing statement  
 5 etc.) with Joe Milanowski regarding sale of Royal Hotel and distribution of  
 6 proceed to Debtors. Nevertheless, on December 22, 2006, Hantges and  
 7 Milanowski caused HMA to sell the Royal Hotel for \$24 million in cash and a  
 8 promissory note or notes for approximately \$5 million. The sale escrow paid  
 9 Reale \$9.9 million and Great White \$1 million. On December 23rd, USA  
 10 Diversified and the USA Diversified Committee learned the sale was about to  
 11 occur or may have occurred, and immediately worked over the Christmas  
 12 weekend to prepare and e-file an adversary proceeding alleging fraudulent  
 13 transfer and other claims. USA Diversified again pressed the Debtor to file a  
 14 fraudulent transfer claim in early December. Beginning in late January, with the  
 15 Confirmation Order having been signed and the Effective Date looming, Orrick  
 16 took control of the adversary proceeding from USA Diversified's counsel. Since  
 17 that time, the adversary has been hotly contested – as the Court is well aware –  
 18 and has included prejudgment remedies, attachments preserving approximately \$7  
 19 million, discovery and the like. In support of the litigation FTI, further  
 20 investigated the fraud and mismanagement of USA Diversified, prepared detailed  
 21 analysis of the monies traced from USA Diversified to HMA, prepared an  
 22 insolvency analysis of HMA and incorporated findings in Michael Tucker's  
 23 Declaration filed in support of the HMA litigation. The litigation has been time-  
 24 consuming and costly, and remains so, complicated by Milanowski's ongoing  
 25 support of the payment to Reale and his invocation of the Fifth Amendment  
 26 whenever faced with a question he does not care to answer.

- 27
- 28       ■ Coordinate Efforts With USA Commercial Committee: FTI and  
          the other professionals for USA Diversified worked closely with USA  
          Commercial Committee to devise an IP action plan, divide tasks and share  
          knowledge and analysis to maximize the gathering of knowledge while not  
          duplicate efforts and associated costs.

29       The foregoing services were necessary and conferred a benefit upon the estate by aiding  
 30 in the collections of USA Diversified assets and providing the USA Diversified Committee with  
 31 accurate loan information on which to base case decisions.

32       The persons providing services on these matters and the associated fees are summarized  
 33 in Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 34 Attachments 2 through 11.

35       5. Financing and Cash Flow. This category included, but was not limited to review  
 36 and analysis of cash collateral, cash budgets/forecasts, monthly operating reports, debtor-in-

1 possession financing and the various motions regarding same. Furthermore, FTI (i) worked at  
 2 USA Commercial to analyze the books and records of USA Diversified and USA Commercial to  
 3 understand past and current operations, liquidity and performance, (ii) participated in meetings  
 4 with the USA Diversified Committee, discussions with counsel, Debtors and/or other committees  
 5 regarding debtor-in-possession motion, term sheets, and past financial activity, and (iii)  
 6 forecasted USA Diversified's assets and cash at plan effective date. The foregoing services  
 7 enabled the USA Diversified Committee ability to make informed decisions regarding case  
 8 issues, ensured the Debtors' were able to continue operations and provided insight into the  
 9 handling of USA Diversified financial affairs as such the work performed was necessary and  
 10 conferred a benefit upon the estate.

11 The persons providing services on these matters and the associated fees are summarized in  
 12 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 13 Attachments 2 through 11.

14 6. Claims Administration and Objections. This category included, but was not limited  
 15 to, review of proof of claims filed by various creditors, research and analysis pertaining to those  
 16 claims and prepare support (including Declaration of Michael Tucker) for responding to claims.  
 17 Work included review and assist in responding to the proof of claims filed against USA  
 18 Diversified by Diversified Committee member Jerry McGimsey and his family members,  
 19 Prospect High Income Fund and five other bondholders, as well as professional fee claims on  
 20 USA Diversified by Debtors' professionals. The Bankruptcy Court sustained our objection and  
 21 disallowed the approximate \$20 million claim of Prospect High Income Fund and five other  
 22 bondholders. The McGimsey claim was also disallowed by the Bankruptcy Court, however the  
 23 McGimsey claimants have since taken an appeal, and the matter will be argued before the BAP  
 24 on May 17th. As such the foregoing services were necessary and conferred a benefit upon the  
 25 estate.

26 The persons providing services on these matters and the associated fees are summarized in  
 27 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 28 Attachments 2 through 11.

1       7. Court Hearings. This category includes preparation for, attendance at and follow-  
2 up discussions for court hearings. FTI attended court hearings either in person or telephonically,  
3 limiting attendance and the corresponding fees to those deemed most vital. The foregoing  
4 services were necessary and conferred a benefit upon the estate for the reason that it provided the  
5 USA Diversified Committee with a financial representative to provide assistance and  
6 recommendations at the court hearings regarding but not limited to Debtor-In-Possession  
7 financing, Investment Partners settlement, asset sale, plan confirmation, employment  
8 applications, Tree Moss and USA Investors VI involuntary filings and associated hearings  
9 including the need for a trustee and the appointment of same, etc. Accordingly, FTI submits that  
10 the time it spent on matters in this category during the Application Period were reasonable and  
11 necessary.

12       The persons providing services on these matters and the associated fees are summarized in  
13 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
14 Attachments 2 through 11.

15       8. Employment / Fee Applications. This category includes establishing billing  
16 categories and protocols for use by FTI timekeepers, preparation of the Court required  
17 employment application, interim monthly statements as specified by the court, court-related fee  
18 applications and the review of detailed time narratives. FTI reviewed the interim fee procedures  
19 motion and amended interim fee procedures motions to keep apprised of reporting requirements.  
20 FTI also reviewed various employment applications, allocations of fees to USA Diversified and  
21 the numerous fee objections. The foregoing services were necessary to determine if the amount  
22 of fees allocated and charged to USA Diversified was fair and in order to comply with various  
23 guidelines and meet all legal requirements relevant to seeking allowance of fees and  
24 reimbursement of expenses. In the execution of these services FTI complied with the  
25 requirements of the bankruptcy code, US Trustee and Court.

26       The persons providing services on these matters and the associated fees are summarized in  
27 Attachment 1, Exhibit "B" and supporting time detail provided for each individual in  
28 Attachments 2 through 11.

1       9.     Case Administration. Tasks in this category are wide-ranging, and generally  
 2 include a broad range of services which do not neatly fit under the other task billing categories  
 3 established by FTI. Thus, while they all fall under the heading of Case Administration for  
 4 purposes of this Application, many of the services classified here are truly substantive matters.  
 5 The services rendered during the Application Period in this category cover various topics  
 6 including getting up to speed on the cases, the companies, the loan portfolio's, background and  
 7 issues since the case had been progressing for almost two months before FTI was retained;  
 8 various conferences among USA Diversified and Debtors' professionals in preparation for  
 9 meetings, hearings or meetings with other interested parties; review of case related news articles;  
 10 preparation and maintenance of FTI's USA Diversified workplan; review case docket for filing  
 11 that impact USA Diversified; request and organize Debtor and borrower documents and respond  
 12 to inquiries and other general case administration matters. To properly administer this case, it has  
 13 been necessary for the FTI professionals to travel to Las Vegas and Los Angeles to attend  
 14 hearings and various Committee and Debtor meetings.

15       FTI submits that the time it spent on matters in this category during the Application  
 16 Period were reasonable and necessary. The persons providing services on these matters and the  
 17 associated fees are summarized in Attachment 1, Exhibit "B" and supporting time detail is  
 18 provided for each individual in Attachments 2 through 11.

19       10.     Plan and Other Restructure Related Work. This category included, but was not  
 20 limited to the Plan which encompassed Plan negotiations, Plan and Disclosure Statement  
 21 confirmation, and Plan implementation including transition of USA Diversified management,  
 22 litigation, recovery action and operations from Debtor to FTI, and general restructure related  
 23 work such as review of the operations of the Debtors, USA Diversified prospectus and  
 24 agreements, employee retention plan, Debtors liquidation analysis and various other items. The  
 25 Court is well aware of the Plan, the sale to Compass Partners embodied in the Plan and the  
 26 original proposed sale to Silver Point that produced the first filed version of an asset purchase  
 27 agreement that resulted in the Compass overbid and the revised asset purchase agreement. And  
 28 the Court is aware that the Compass sale closed on February 16, 2007, and that the Plan went

1 effective on March 12th. As a result of the Plan negotiations USA Diversified received \$1  
 2 million from FTDF, FTDF's interest in BySynergy to the tune of \$1.5 million, FTDF's  
 3 unremitted principal claim of \$347,775 and FTDF's unsecured USA Commercial claim, which  
 4 amount is subject to negotiations between both parties. Although USA Diversified received a  
 5 considerable amount of value from FTDF, the question is why did Orrick and FTI spend so much  
 6 time on behalf of USA Diversified in the plan process when the Plan did not result in the sale of  
 7 USA Diversified assets. The response is many-fold, but the three primary ones are that (i) the  
 8 USA Diversified Committee professionals spent a great deal of time attempting to sell their assets  
 9 to Silver Point and other potential purchasers, meeting with them, exchanging documents, emails  
 10 and the like, but the prices offered were wholly unacceptable; (ii) the Plan offered the USA  
 11 Diversified Committee the opportunity to free USA Diversified from the control of a Chief  
 12 Restructuring Officer and professionals who, in the opinion of the USA Diversified Committee  
 13 and its professionals, were not acting in USA Diversified's best interests; and (iii) the USA  
 14 Diversified Committee and its professionals believed that due to the complexity and difficulty of  
 15 the Chapter 11 Cases and due to the existence of many parties that would attempt to block any  
 16 plan of reorganization that did not favor their particular interests to the detriment of other  
 17 interests, a plan of reorganization supported by the Debtors and all four committees had the best  
 18 chance of being confirmed and consummated. Thus, USA Diversified Committee professionals  
 19 and their client worked with the other committees and the Debtors to confirm the best plan  
 20 possible. That meant, of course, that they also took pains to negotiate the best deal and language  
 21 for USA Diversified in the process. Such services mentioned above break down into several  
 22 subgroups, described as follows:

23           • Negotiations with Potential Asset Purchasers. Discussions and  
 24 meetings with parties interested in purchasing USA Diversified's assets,  
 25 reviewing term sheets, negotiating the same (both via telephone, email and in  
 26 person). Ultimately, the USA Diversified Committee could not reach agreement  
 27 with the stalking horse buyer acceptable to the Debtors and the other committees.  
 28 Nor could it reach agreement with Compass Partners, the successful overbidder.  
 But much time was spent attempting to achieve a sale.

1           ■ Negotiations with the Debtors and the Other Committees. In  
 2 addition to the compromises with the FTDF Committee described above, the Plan  
 3 is replete with compromises among all the parties, including the USA Diversified  
 4 Committee. FTI and other USA Diversified Committee professionals participated  
 5 in a number of in-person meetings and in countless all-hands and smaller group  
 6 conference calls discussing and negotiating plan provisions that had direct or  
 7 indirect or potential impact on USA Diversified and its investors.  
 8

9           ■ Disputes with the USA Mortgage Committee over the USA  
 10 Diversified Claims against USA Mortgage. As the Court is well aware, prior to  
 11 the Effective Date, USA Diversified and USA Commercial were managed by the  
 12 same Chief Restructuring Officer and were represented by the same financial  
 13 advisor and the same two law firms. None of them could become involved in the  
 14 disputes between those two debtors over their claims against one another, so early  
 15 on they properly delegated responsibility to the two committees. The disputes are  
 16 multiple and complex, and professionals for the two committees spent numerous  
 17 hours analyzing the claims, doing factual and legal research regarding them and  
 18 attempting to settle them, including attendance at meetings and at a mediation  
 19 before Judge Glover in Las Vegas on December 12, 2006. For settlement  
 negotiations and in support of the mediation statement FTI analyzed and  
 documented the claims, reviewed USA Commercial's analysis, prepared  
 settlement analysis and Declaration of Michael Tucker filed in support of the  
 Mediation Statement. No resolution was reached despite the hours spent, and the  
 Plan preserves all such disputes. Based on the education about their claims  
 against one another, the two revested parties will attempt to consensually resolve  
 their disputes in the future, but in the meantime, they have been pooling their  
 efforts towards their joint goal of recovering assets for the two estates – including  
 their discussing the filing of an involuntary chapter 11 case against USA  
 Investment Partners LLC prior to the Effective Date and joining as petitioning  
 creditors on April 4th after they collectively beat back the filing of a U.S. District  
 Court receivership action engineered by USA Investment Partners LLC as a  
 means of avoiding this Court's oversight.

20           ■ Reviewing and Revising the Asset Purchase Agreement, the Plan,  
 21 etc. FTI reviewed and commented on numerous drafts of the Silver Point asset  
 22 purchase agreement, the Compass Partners asset purchase agreement that replaced  
 23 it, the Plan, the disclosure statement, the confirmation brief, the responses to  
 24 objectors, and many, many other pleadings. FTI reviewed the various items to  
 25 make sure from a financial prospective the interests of USA Diversified were  
 being preserved and protected, and that no language prejudiced its interests.  
 Other estate professionals did the same for their constituencies. The review of the  
 drafts, the commenting on them and the conference calls to discuss them took  
 countless hours, but was necessary.

26           ■ Reviewing and Revising the Findings and the Confirmation Order.  
 27 FTI reviewed and commented on numerous drafts of the Findings and the  
 28 Confirmation Order, reviewing objections thereto in the process and once again  
 attempting to preserve rights and claims of USA Diversified.

1           ■ Transition Planning. FTI, working with Orrick and Beckley,  
 2 prepared for the transition from chapter 11 Debtor to Nevada Limited Liability  
 3 Company charged with liquidating its volatile and quirky asset bases and  
 4 distributing the proceeds to the 1,300+ defrauded investors. In addition, USA  
 5 Diversified would be moving from a family of companies under the aegis of USA  
 6 Commercial, to a standalone entity run by a new CEO/Manager and a new and  
 7 independent board of directors, charged with operating USA Diversified  
 8 including, preparing financials, managing members, working with borrowers, etc.  
 9 Finally, Revested DTDF would be stepping into the litigation shoes of USA  
 10 Diversified, and strategic decisions had to be made and pleadings filed – above  
 11 and beyond mere substitutions of counsel. Litigation planning included working  
 12 with the new USA Commercial Trust to try to capitalize on synergies and avoid  
 13 duplication of effort. Lists were made, meetings were conducted, and the  
 14 transition occurred.

15           ■ Revised Operating Agreement and Other Organizational  
 16 Documents. The Plan required USA Diversified to submit in its Plan Documents  
 17 Supplement an amended USA Diversified operating agreement. FTI worked with  
 18 Orrick and Beckley in drafting the amended operating agreement and related  
 19 documents, in discussing its provisions with members of the USA Diversified  
 20 Committee and in revising the same in accordance with the views of the USA  
 21 Diversified Committee members.

22           ■ Preparing for the Initial Post-Effective Date Board Meeting. FTI,  
 23 working with Orrick and Beckley, prepared for the initial meeting of the board of  
 24 directors, which included preparing an agenda, schedule of assets and cash at Plan  
 25 effective date and dealing with issues that led to the resignation of a board  
 26 member.

27           ■ USA Diversified Agreements: Review of USA Diversified  
 28 Prospectus, Loan Servicing and Operating Agreement and analyze past and  
 29 current payments for servicing and management fees.

30           ■ Employee Retention: Review and analysis of Debtors' proposed  
 31 Employee Retention Plan, including meeting with Debtor and other Committee  
 32 professionals and preparing summary and recommendation to USA Diversified  
 33 Committee.

34           ■ Debtor Operations and Recordkeeping: Review of Debtors'  
 35 accounting systems, operations, financial statements and recordkeeping, including  
 36 meetings with Debtors' financial advisors and employees.

37           This category also includes time spent in all-hands meetings involving the Debtors and  
 38 various committees to discuss global case issues and issues of interest to all constituencies, such  
 39 as the Debtors' distribution motion, plan alternatives, negotiations and the like. Most of the all-

1 hands meetings were conducted via telephone, but there were some all-hands meetings that were  
 2 conducted in person in Las Vegas and Los Angeles.

3 The foregoing services were necessary and conferred a benefit upon the estate as it  
 4 allowed USA Diversified to exit bankruptcy, prepared USA Diversified for post Effective  
 5 operations and allowed USA Diversified to obtain various assets in the settlement/plan process.

6 The persons providing services on these matters and the associated fees are summarized in  
 7 Attachment 1, Exhibit "B" and supporting time detail is provided for each individual in  
 8 Attachments 2 through 11.

9       11. Asset Sale. This category included, but was not limited to, discussions and  
 10 meetings with potential bidders regarding the proposed asset sale and sale of USA Diversified assets,  
 11 review of auction and bid procedures and related motions, analysis of multiple bid packages and  
 12 recovery impact, negotiations with bidders, resolving contract matters and presenting  
 13 recommendations to the USA Diversified Committee. Also included in this billing category is time  
 14 spent reviewing and drafting the Asset Purchase Agreement and supplemental schedules.

15       Although USA Diversified did not participate in the auction, the solicitation and interaction  
 16 with potential asset purchases provided the USA Diversified Committee with recovery options. In  
 17 addition, as indicated previously, oversight during the sale process was necessary to protect the rights  
 18 and assets of USA Diversified. For those reasons, the foregoing services were necessary and  
 19 conferred a benefit upon the estate.

20       The persons providing services on these matters and the associated fees are summarized in  
 21 Attachment 1, Exhibit "B" and supporting time detail provided for each individual is provided in  
 22 Attachments 2 through 11.

23       B. Costs. The remaining unpaid costs for which FTI seeks reimbursement total  
 24 **\$14,584.22.** A majority of the costs incurred is attributable to travel related expenses in order to  
 25 perform necessary services and properly advise the USA Diversified Committee during the  
 26 bankruptcy process. FTI kept travel related costs at a minimum by the use of Court Call,  
 27 conference calls and electronic review of information whenever available and appropriate. The  
 28 costs incurred are also the type customarily charged to non-bankruptcy clients.

The amount the Firm has disbursed for actual and necessary expenses in connection with the Estate are summarized for the period in Attachment 1, Exhibit "C" and itemized monthly in Attachments 2 through 11.

IV.

## EVALUATING STANDARDS

The fees billed by FTI to the USA Diversified Committee for the professional services rendered during the application period total **\$1,613,380.50**. In accordance with 11 U.S.C. § 330, this amount was calculated using the hourly rate for the professionals involved.

In addition, the provisions of § 330 (a) place a premium on the timeliness of administration of the case. Compensable services must be "performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problem, issue or task addressed." 11 U.S.C. § 330(a)(3)(A).

FTI has provided financial consulting services for and on behalf of the USA Capital Diversified Trust Deed Fund Committee which services are described above and which are itemized in Attachment 1, Exhibit "B". FTI maintains daily time records reflecting the actual and necessary time expended per timekeeper in the performance of the services for which compensation is sought.

The results FTI obtained within the time frames of this Application illustrate that FTI:

(a) Used the skill required to perform the necessary accounting and financial consulting services.

(b) Provided services necessary to the administration of the case for the benefit of the Debtors; and

(c) Performed the services within a reasonable amount of time commensurate with the complexity, importance and nature of each task.

FTI and the Committee believe that the fees and expenses sought in this Application are appropriate, and that the fees are reasonable and necessary in light of circumstances of this Chapter 11 case and the scope and difficulty of the business issues involved. See Worthen Declaration.

1 V.

2 **COMPLIANCE WITH SECTION 504 OF THE BANKRUPTCY CODE AND**  
3 **BANKRUPTCY RULE 2016**

4 FTI has not entered into any arrangement or agreement with any person or entity with  
5 respect to the sharing of fees and expenses for which FTI is seeking compensation and  
6 reimbursement as set forth in this Application, except as permitted by Bankruptcy Code  
7 §504(b)(1).

8 VI.

9 **CONCLUSION**

10 WHEREFORE, based upon the foregoing, FTI respectfully requests this Court to enter an  
11 Order:

12 1. Approving the First and Final Application of FTI Consulting, Inc.,  
13 Financial Advisors to the USA Capital Diversified Trust Deed Fund Committee and allowing  
14 FTI's fees in the sum of **\$1,613,380.50** and costs in the sum of **\$30,951.02** in their entirety;

15 2. Authorizing and directing payment of the remaining unpaid fees in the  
16 amount of **\$690,099.92** and unpaid costs in the amount of **\$14,584.22** by the Chapter 11 Trustee  
17 from any and all available funds; and

18 3. Granting such other and further relief as this Court deems just and proper.

19 Respectfully submitted this 26th day of April 2007.

20 **FTI CONSULTING, INC.**

21 By s/ Michael A. Tucker

22 Michael A. Tucker  
23 Two North Central Avenue, Suite 1200  
24 Phoenix, Arizona 85004  
25 Telephone: (602) 744-7100

26 Financial Advisors for the Official USA Diversified  
27 Committee of Equity Security Holders of USA  
28 Capital Diversified Trust Deed Fund, LLC